

**IFCI FINANCIAL SERVICES LIMITED**

**17<sup>th</sup> Annual General Meeting**

**July 26, 2012**

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## NOTICE

**NOTICE is hereby given that the 17<sup>th</sup> Annual General Meeting of the shareholders of the Company will be held at IFCI Board Room, IFCI Tower, 61, Nehru Place, New Delhi – 110 019 on Thursday, July 26, 2012 at 4.00 P.M to transact the following business:**

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### **AS ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2012 and Profit and Loss Account for the year ended on 31<sup>st</sup> March 2012, together with the Directors' Report and Auditors' Report thereon.
2. To appoint a director in place of Shri Shobhit Mahajan, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and fix their remuneration and for the purpose, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a "**Special Resolution**":

**"RESOLVED THAT** pursuant to the provisions of Section 224 and any other applicable provisions, if any, of the Companies Act, 1956, M/s Vinay Kumar & Co, Chartered Accountants, be and are hereby appointed as Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration decided by the Board/Audit Committee of Directors of the Company, in addition to reimbursement of all out-of-pocket expenses in connection with the audit of the Company."

### **AS SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as an "**Ordinary Resolution**".

### **APPOINTMENT OF SHRI SUJIT KUMAR MANDAL AS WHOLE-TIME DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to Section 269, read with Schedule XIII and other applicable provisions of and subject to necessary approvals, if any, under the Companies Act, 1956, Shri Sujit Kumar Mandal be and is hereby appointed as

Whole-time Director of the Company for a period of two year with effect from January 14, 2012, without any remuneration.

**RESOLVED FURTHER THAT** the Company do reimburse the cost of tour expenses, telephone expenses and other actual expenses incurred by the Whole-time director, for the purpose of the Company subject to the rules of the Company as may be in force from time to time.

**RESOLVED FURTHER THAT** Shri Biswajit Banerjee, Whole-time Director and K. J. Chandra Mouli Company Secretary of the Company be and are hereby authorised to sign and file necessary forms, return and documents with necessary authorities as may be required statutorily in connection with the above matter and take all such actions and do all such things from time to time in this regard.

5. To consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as an **"Ordinary Resolution"**.

**APPOINTMENT OF SHRI SATPAL KUMAR ARORA AS DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** Shri Satpal Kumar Arora, who was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under Section 260 of the Companies Act, 1956 on the date of this meeting and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby elected and appointed as a director of the Company is liable to retirement by rotation."

6. To consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as an **"Ordinary Resolution"**.

**APPOINTMENT OF SHRI BISWAJIT BANERJEE AS DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** Shri Biswajit Banerjee, who was deputed from IFCI limited to the Company, was appointed as an additional director of the Company by the Board of directors and who ceases to hold office under Section 260 of the Companies Act, 1956 on the date of this meeting and in respect of whom the Company has received a notice under Section 257 in writing proposing his candidature for the office of director, be and is hereby elected and appointed as a director of the Company."

7. To consider and if thought fit, to pass, with or without modification(s) if any, the following resolution as a **"Special Resolution"**.

**APPOINTMENT OF SHRI BISWAJIT BANERJEE AS WHOLE-TIME DIRECTOR OF THE COMPANY**

**"RESOLVED THAT** pursuant to Sections 198, 269 and 309 of the Companies Act, 1956, read with Schedule XIII thereof, the Company hereby approves the appointment of Shri Biswajit Banerjee as Whole-time Director of the Company designated as "Chief Operating officer" for a period of 2 years with effect from April 11, 2012 on the terms and conditions set out in the Explanatory Statement attached to the Notice.

**RESOLVED FURTHER THAT** where in any financial year, the Company has no profits or inadequate profits, the remuneration as stated in Explanatory Statement attached to the Notice shall be paid to Shri Biswajit Banerjee as minimum remuneration with the approval of the Central Government, if required."

**RESOLVED FURTHER THAT** so long as Shri Biswajit Banerjee functions as the Whole-time Director of the Company, he will not be paid any fees for attending the meeting of the Board of Directors or any Committee thereof.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion deem desirable, necessary, expedient, usual or proper to implement this resolution."

Place: Chennai

Date: June 29, 2012

By Order of the Board  
For IFCI Financial Services Limited,

  
K. J. CHANDRA MOULI  
COMPANY SECRETARY

**Notes:**

1. An Explanatory Statement pursuant to Section 173(2) of the Company Act, 1956 in respect of Special business is annexed hereto.
2. A Member entitled to vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. Corporate Members are requested to send certified copy of Board Resolution, pursuant to Section 187 of the Companies Act, 1956, authorizing their representative to attend and vote at the meeting.

**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**

**ITEM NO.4:**

**APPOINTMENT OF SHRI SUJIT KUMAR MANDAL AS WHOLE-TIME DIRECTOR OF THE COMPANY**

The Board of Directors in their meeting held on January 14, 2012 approved to appoint Shri Sujit Kumar Mandal as "Whole-time Director" of the Company for a period of 2 years without any remuneration. He is appointed to deepen the alignment, value, culture and enhance the operational performance and efficiency of the Company with his proven track record and vast experience.

Company does reimburse the cost of tour expenses, telephone expenses and other actual expenses incurred by the Whole-time director, for the purpose of the Company subject to the rules of the Company as may be in force from time to time.

None of the Directors, except Shri Sujit Kumar Mandal is concerned or interested in this resolution.

## **ITEM NO. 5**

### **APPOINTMENT OF SHRI SATPAL KUMAR ARORA AS DIRECTOR OF THE COMPANY**

Consequent to the resignation of Smt. Chandra Ramesh as Managing Director of the Company, the Board of Directors in their meeting held on December 4, 2011 has appointed Shri Satpal Kumar Arora as additional Director, to assume responsibilities as Managing Director of the Company with effect from December 8, 2011 for period of one year without any remuneration or till identification of a new suitable MD for IFIN. Shri Satpal Kumar Arora, keeping in view his pre occupation in management of IFCI Venture Capital Funds limited, has submitted his resignation as Managing Director of IFIN, He would continue as Non-executive Director on the Board of IFIN.

In accordance with section 260 of the Companies Act, 1956 and Article 92 of Article of Association of the Company will allow him to hold the office till the Conclusion of ensuing Annual General Meeting. Notices have been received pursuant to Section 257 of the Companies Act, 1956 together with necessary deposits of Rs. 500/- proposing Mr. Satpal Kumar Arora as director of the Company.

The Board considers that it is desirable that the Company should continue to avail itself of his services and recommend to pass necessary resolution as an Ordinary Resolution.

Except, Shri Satpal Kumar Arora, no other directors of the Company are concerned or interested in the proposed resolution.

## **ITEM NO. 6 AND 7**

### **APPOINTMENT OF SHRI BISWAJIT BANERJEE AS DIRECTOR AND WHOLE-TIME DIRECTOR OF THE COMPANY**

Consequent to the resignation of Shri Satpal Kumar Arora as Managing Director of the Company, the Board of Directors in their meeting held on April 11, 2012 has appointed Shri Biswajit Banerjee (who was deputed by IFCI limited to the Company) as additional Director, to assume responsibilities as Whole-time Director of the Company designated as "Chief Operating officer" for a period of 2 years with effect from April 11, 2012.

The remuneration and the perquisites of Shri Biswajit Banerjee as set out below are subject to the approval of the shareholders of the Company under the provisions of Section 269, 309 and Schedule XIII of the Companies Act, 1956.

**A. Period of Deputation**

Two years with effect from April 11, 2012

**B. Basic Salary:** During the period of deputation, he will receive the salary of Rs. 79,083/- per month from IFCI Limited and IFIN shall reimburse to IFCI Limited paid to him during the period of deputation, subject to the overall monetary limit specified hereunder.

**C. Allowance**

- a) Supplementary Allowance: IFCI will pay Rs. 77043/- per month during the deputation period and IFIN should remit the same to IFCI.
- b) Education Allowance: IFCI will pay Rs.200 per month as Education allowance and IFIN should remit the same to IFCI
- c) Leave Travel Allowance: Entitled to travel with family, by any mode i.e. Air, Train, and Road once in a year for visiting any place in India with allowance/ reimbursement up to a maximum of Rs. 79,083 as per IFCI norms.
- d) Vehicle Maintenance/Fuel re-imburement /driver salary: Rs.25,500 per month will be paid by IFCI and IFIN should remit the same to IFCI.

**D. Perquisites:**

Following perquisites shall be allowed in addition to the Salary and allowance:

- a) Housing: He will be eligible for residential accommodation according to IFIN rules. In case he continues to occupy the accommodation provided by



- IFCI during the period of deputation, recovery on amount of this as may be claimed by IFCI will be made from his salary and remitted to IFCI.
- b) Traveling, Boarding & Lodging: Actual expenditure to be reimbursed by the Company for outstation journey for official work.
  - c) Leave salary Contribution: IFIN shall reimburse to IFCI, the monthly contribution made by IFCI towards leave salary as per the rules/policy of IFCI in this regards. Accordingly, leave salary for any ordinary leave taken during the period of deputation will be borne by the IFCI.
  - d) Provident Fund Contribution: IFIN shall reimburse to IFCI, the actual cost made by IFCI to the provident fund and other statutory funding.
  - e) Gratuity: IFIN shall make proportionate contribution towards Gratuity for the period the officer remains on deputation. Such contribution of the proportionate Gratuity will be reimbursed to IFCI at the end of deputation.
  - f) Other facilities: IFIN shall also reimburse to IFCI the cost of other facilities including meal coupons, hospitalization facility for self and family, car insurance premium and Group Term Life Assurance Contribution as per the applicable rules /policies in IFCI.
  - g) Mobile bill reimbursement: Actual mobile bill will be reimbursed as per IFIN policy.

The total amount reimbursable to IFCI on account of the salary/allowance/perquisites shall not exceed the amount of Rs. 30,00,000 per annum or such amount as may be amended from time to time and communicated by IFCI, subject to all applicable provisions of the Companies Act, 1956.

The statement required under Schedule XIII of the Companies Act, 1956, is provided hereunder

## **I. GENERAL INFORMATION**

1. Nature of Industry: Stock Broking & Financial Services
2. Date or expected date of Commencement of Commercial Production – N. A.
3. In Case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in prospectus – N. A.
4. Financial performance based on indication

As on March 31, 2012 had a total income of Rs. 27.30 Crores with Loss of Rs. 7.11 Corers (as computed under section 198 of the Companies Act)

5. Export performance and net foreign exchange collaboration: N. A
6. Foreign Investments or Collaborators if any: N. A

## **II. INFORMATION ABOUT THE APPOINTEE**

### 1. Background details

Shri Biswajit Banerjee holds a qualification of M.Sc. and MBA. He is having 26 years of experience in diverse areas of Banking, Financial Institution. He is working as a Vice president in IFCI limited and IFCI limited placed him on deputation in IFIN as "Chief Operating Officer"

### 2. Past remuneration

He was receiving around Rs. 29.50 lakhs per annum from IFCI Limited

### 3. Job Profile and Suitability

He would be responsible for the overall management of the Company under the supervision of Executive chairman and direction of the Board of Directors.

### 4. Remuneration proposed:

As per the details mentioned above

### 5. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and persons:

The remuneration proposed to Shri Biswajit Banerjee is in accordance with the remuneration scale prevailing in the industry and justifiable in term of rich experience of the appointee

6. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

N. A

### **III. OTHER INFORMATION**

1. Reason for loss or inadequate profits

The financial performance of the Company has been affected due to reduced brokerage income, depository income of the Company and provisions made for doubtful debts and advances

2. Steps taken or proposed to be taken for improvement

The Company plans to strengthen its network of Branches and with some aggressive marketing to increase the revenue and improve on the profitability of operations and also recovering the doubtful debts and advances.

3. Expected increase in productivity and profits in measureable terms:

The performance of the stock broking industry is directly linked to the capital markets. The performance of these markets are based on varies factors both international and domestic. Considering the measures taken by your Company and further plans and strategies drawn, the Company is expected to improve its performance barring unprecedented market setback.

### **IV. Disclosure**

The Shareholders are being informed the remuneration package by way of explanatory statement as given above

None of the Directors, except Shri Biswajit Banerjee is concerned or interested in this resolution

By Order of the Board  
For **IFCI Financial Services Limited,**

Place: Chennai

Date: June 29, 2012

  
**K. J. CHANDRA MOULI**  
COMPANY SECRETARY

## DIRECTORS' REPORT

### TO THE MEMBERS

The Board of Directors of your Company has the pleasure of presenting the Seventeenth Annual Report of IFCI Financial Services Ltd together with the Auditors Report and Audited Account for the financial ended on 31<sup>st</sup> March 2012.

### FINANCIAL PERFORMANCE

PARTICULARS	(Rs. in Lakhs)	
	2012	2011
<b>Operating Results:</b>		
Income from Operations	2,032.60	2,635.70
Other Income	697.51	677.23
<b>Gross Income</b>	<b>2,730.11</b>	<b>3,312.93</b>
<b>Gross Expenditure</b>	<b>3,038.39</b>	<b>2,331.90</b>
<b>Profit/ (Loss) before Extraordinary item, Interest, Depreciation and Tax</b>	<b>(308.28)</b>	<b>981.03</b>
Less: Interest	207.13	714.50
<b>Profit/(Loss) before Extraordinary Item, Depreciation and Tax</b>	<b>(515.41)</b>	<b>266.53</b>
Less: Depreciation	283.82	240.26
<b>Profit before extraordinary item and tax</b>	<b>(799.23)</b>	<b>26.27</b>
Less: Provision for Doubtful Debts and Advances	1,226.12	-
<b>Profit before Tax</b>	<b>(2025.35)</b>	<b>26.27</b>
Current year tax MAT	-	4.66
MAT Credit entitlement	-	(4.66)
Income Tax for earlier year	28.58	5.15
Deferred Tax Charges (Net)	(20.77)	(7.33)
<b>Profit after tax</b>	<b>(2033.16)</b>	<b>28.45</b>

During the year 2011-12, your Company incurred a net loss of Rs. 2,033.16 lakh. The Total income of the Company for the financial year 2011-12 has declined to Rs. 2,730.11 Lakh as against Rs. 3,312.93 lakh in the previous year. This was due to fall in broking income and depository income of the Company. However, the expenditure of the company increased to Rs.3,038.39 lakh as against Rs.2,331.90 lakh in the previous years, primarily due to decrease in value of investment (330.61 lakh), written off bad debt Rs.106.88 lakh, trading loss of Rs.184.52 lakh and increase in other expenses by Rs.232.05 lakh. Further, due to increase in provisioning requirement to the extent of Rs.1,226.12 lakh, the company has incurred loss in the financial year 2011-12.

As on March 31, 2012, the number of retail branches has increased from 42 in the previous year to 53 branches in the current year in major urban and semi-urban areas in the country with wider coverage in southern India & with reasonable coverage of Western and Northern India.

On the institutional front also, the company witnessed reasonable growth and overall number of empanelment at the end of the year was 422.

#### **DIVIDEND**

The Company has incurred loss in the financial year 2011-12 and therefore the Board has not recommended any dividend for the year 2011-12.

#### **STOCK BROKING**

The Company's stock broking operations have witnessed growth across geography and the number of retail clients has gone up from 12,306 in 2010-11 to 18,080 as of March 31, 2012.

With wider reach expected in the Financial Year 2012-13, your Company is on the right path to add its clientele significantly.

### **Cash Market and F & O Segment**

The Capital Market showed considerable volatility during the Financial Year 2011-12 especially during the third quarter and the beginning of the fourth quarter thereby affecting the margins of the Company. Due to fall in brokerage structure across the industry, the net brokerage income of the company has declined to Rs. 1,387.95 lakh (previous year Rs. 1875.95 lakh) in the both Cash and F & O segment.

### **INSURANCE COMMISSION**

Insurance Commission earned during the year is Rs. 1.53 Lacs for the year 2011- 12 (previous year Rs. 2.21 lacs).

### **BROKERAGE FROM SELLING OF MUTUAL FUNDS**

During the year, your company has earned an income of Rs. 81.45 lacs from selling of mutual fund units as compared to Rs. 75.02 lacs in the previous year.

### **DISTRIBUTION OF IPO'S & BONDS**

During the year, your company has earned an income of Rs. 230.23 lacs from distribution of IPO's & Bonds as compared to Rs. 111.26 lacs in the previous year.

### **DEPOSITORY SEGMENT**

The Company operated both the DP's of NSDL and CDSL during the year for the benefit of its retail and institutional client base. Total Income received during the year 2011-12 was Rs.89.47 lacs (previous year Rs. 202.83 lacs).

### **NON FUND BASED ACTIVITY- MERCHANT BANKING AND INVESTMENT BANKING**

During the year the Company has earned fees of Rs. 201. 54 lacs (Previous year Rs. 315.48 lacs).

### **PORTFOLIO MANAGEMENT SERVICES**

Your Company has earned Rs. 10.14 lacs for the year 2011-12 (Previous Year – Rs. 52.70 lacs) from portfolio Management Services

## **BUSINESS ENVIRONMENT**

During the year, there has been decline in the capital market indices and market turnover on the both the exchanges, due to lower FII inflows into the country which also contributed to the sharp depreciation of the rupee in the forex market, though much of the depreciation was due to 'flight to safety' approach adopted by Foreign investors, given the troubled European and inflation-hit emerging market conditions.

Moderation in the growth rate of the economy has also affected market sentiments. This moderation in growth is on account of several factors, including the uncertainty in the global environment, reduction in Government spending in infrastructure and lag effect of monetary policy tightening.

Monetary tightening in India has led to some correction in stock markets, just as it happened in other emerging market economies where central banks preferred following a tight monetary policy.

World Economic Forum came out with The Global Competitiveness Report 2011-2012. According to the report India ranks 56<sup>th</sup> out of 142 economies in the Global Competitive Index (GCI) for the year 2011-12. India's performance remains quite stable. India's competitiveness based on its large market size and good results in more complex areas including financial markets, business sophistication and innovation.

## **OUTLOOK**

In the background of uncertainty prevailing in the market, emphasis would be on consolidation of business by way of rationalization of cost, branch network, strengthening the risk management system by investment in processes, recovery of bad debts through vigorous follow-up, increasing the contribution of fee based business in the overall revenue.

## **CONVERSION OF SECURED LOAN INTO EQUITY CAPITAL AND INCREASE OF AUTHORISED SHARE CAPITAL**

During the year, IFIN converted the secured loans received from IFCI limited (holding Company) into equity share of the Company which led to increase in IFCI's stake in the Company to 94.78% from the existing 76.08%

## **AUDIT OBSERVATIONS**

### **PAYMENT OF REMUNERATION TO MANAGING DIRECTOR**

With regard to the auditors' observation on payment of managerial remuneration, which is in excess of the maximum limits specified in schedule XIII of the Companies Act, 1956. The Directors clarify that the company has filed necessary application with the Central Government for waiver of the excess remuneration, which is awaited as at the date of our report.

### **LOAN GIVEN TO RELATIVE OF MANAGING DIRECTOR**

With regard to the observation of the Auditors on loan given to relative of Managing Director, your directors clarify that the transaction is a pre-merger transaction relating to the amalgamation of company M/S C.R.Finance & Securities Private Limited, and as per the legal opinion obtained; this transaction does not require any approval of the Central Government.

## **SUBSIDIARIES**

### **IFIN COMMODITIES LIMITED**

The Company has incurred a net loss of Rs. 73.12 lacs (Previous year net profit of Rs.18.88 lacs) on a net income of Rs.987.65 lacs (Previous year – Rs. 530.63 lacs). This subsidiary has performed well in terms of revenues and incurred loss due to fall in brokerage rate, high employee cost and administration expenses. The overall buoyancy in precious metals and crude helped in increased volumes and brokerage.



## **NARAYAN SRIRAM INVESTMENTS PVT. LIMITED**

During the year NSIPL allotted 16,00,000 equity shares of the face value of Rs.100/- each at par for consideration other than cash to IFCI Financial Services Limited. The Company has incurred a net loss of Rs. 120.96 lakh (Previous year net loss of Rs. 0.14 lakh) on a net income of Rs. 188. 23 lakh (Previous year – Rs. 0.64 lakh), mainly due to diminution in value of investment.

## **IFIN CREDIT LIMITED**

The Company has incurred a net loss of Rs. 2.43 lakh (Previous year net profit of Rs. 3.17 lakh) on a net income of Rs. 30.66 lakh (Previous year – Rs. 7.26 lacs), mainly due to fixed cost incurred without commensurate revenue.

## **MANPOWER AND ORGANISATION STRUCTURE**

The constant refrain of the service industry has been the challenge faced in acquiring and retaining quality manpower. The nature of the broking industry adds a dimension to this. A bullish phase of the market results in disproportionate expectations from employees and poaching by competition.

The company, while rationalizing manpower in line with business environment will strive towards retention of outperformers through recognition and reward in the form of variable pay scheme.

## **FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

Your Company has incurred expenditure of Rs.6.04 lakh in foreign exchange and did not earn any income in foreign exchange. Since the Company does not own any manufacturing facility, the other provisions in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

## **CONSERVATION OF ENERGY AND ABSORPTION OF TECHNOLOGY**

As your Company is not a manufacturing company, there is nothing to report as far as conservation of energy is concerned. Within the limited scope, the Company has

taken measures to conserve energy by having energy efficient air conditioners, blade servers, CFL lamps, LCD monitors etc. at its various locations. As regards absorption of technology, your Company has installed Computer Systems, software packages and other office equipments to increase its organisational efficiency, maximise productivity and to gain competitive advantage.

#### **FIXED DEPOSITS**

During the year, the Company has not accepted any deposits under Section 58A of the Companies Act, 1956.

#### **BOARD OF DIRECTORS**

Your directors wish to place on record their appreciation for Shri Atul Kumar Rai and Shri V. K. Bhalla who relinquished their offices as Directors of the Company during the year.

During the year Smt. Chandra Ramesh, Managing Director of the Company had resigned from the directorship of the Company on December 8, 2011

In terms of the provisions of Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company, Shri Shobhit Mahajan, Director, retire by rotation and being eligible offer himself for re-appointment in the ensuing Annual General Meeting.

#### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the Accounts for the financial year ended 31<sup>st</sup> March 2012, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at

the end of the financial year and of the Profit or Loss of the company for the year under review;

3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. That the Directors have prepared the Accounts for the financial year ended 31<sup>st</sup> March 2012 on a going concern basis.

#### **AUDITORS**

M/s Brahmayya & Co., Chartered Accountants are the retiring auditors of the Company and they hold office till the conclusion of this Annual General Meeting. The Company has received a letter from M/s Brahmayya & Co, in which they requested not to be considered for reappointment for the financial year 2012-13.

In view of resignation of M/s Brahmayya & Co, it is proposed to appoint M/s. Vinay Kumar & Co, Chartered Accountants as statutory auditors of the Company for the financial year 2012-13. The Company has received a letter from M/s. Vinay Kumar & Co. to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956, and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act, 1956. The Board recommends their appointment and seeks your approval to the same.

#### **PERSONNEL**

Information required under Section 217 (2A) of the Companies Act, 1956 in respect of employees of the company is given in the Annexure and forms part of this report.

#### **ACKNOWLEDGEMENT**

The Board of Directors express their gratitude for the co-operation, guidance and support received from the IFCI Limited, Reserve Bank of India, Commercial Banks, Securities and Exchange Board of India, National Stock Exchange, Bombay Stock

Exchange, MCX-SX, NSDL, CDSL, LIC of India and Bajaj Allianz General Insurance Co. Ltd. and its clients.

The Directors also record their appreciation for the services rendered by the employees of the Company.

For and on behalf of the Board of Directors

Sd/-

(Sujit Kumar Mandal)  
Executive Chairman

Place: Chennai

Date: June 29, 2012

#### ANNEXURE

Sl. No	Name	Designation	Qualification	Age	D.O.J	Exp	Gross remuneration (Rs.)	Previous employment Designation
1.	Mrs. Chandra Ramesh	Managing Director	B.Com, FCA., ACS., Grad CWA., PGDBM(IIM-A)	51	01.09.08	27	85,41,021	Bharat Re Insurance Brokers Pvt. Ltd.– MD & CEO
2.	Mr. D V Ramesh	Chief Operating Officer	B.Com, ACA, ACS and Grad CWA	54	01.10.09	29	42,18,065	Consultant – IFCI Financial Services Ltd.

### Independent Auditor's Report

The Members of IFCI Financial Services Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of IFCI Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2012, the Statement of Profit and Loss, and the Cash Flow Statement of the Company for the year ended March 31, 2012, and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



#### **Basis for Qualified Opinion**

- (i) *As more fully explained in Paragraph B.V of Note No. 1 to the financial statements, during the period ended March 31, 2012, the Company has paid for managerial remuneration, which is in excess of the maximum limits specified in Schedule XIII to the Companies Act, 1956 to the extent of Rs.28,70,793/-. The company has filled necessary application to the central government for wavier of the excess remuneration, which is awaited as at the date of our report. Pending necessary approval from the Central Government, we are unable to quantify the extent of the excess payment, if any, of the amount paid over the amount which the Central Government would approve, when such approval is obtained.*
- (ii) *Loan of Rs.42.45 lakhs given to a relative of the Managing Director without prior approval of Central Government. This loan amount was written off from the books during the year.*

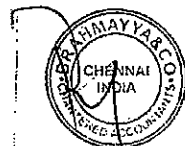
#### **Qualified Opinion**

*In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- (i) *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;*
- (ii) *in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and*
- (iii) *in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.*

#### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2003, as amended ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.



As required by section 227(3) of the Act, we report that:

- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the directors as at March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2012, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

New Delhi  
April 11, 2012



For Brahmayya & Co.  
Chartered Accountants  
Firm's Registration Number: 000511S

*P.S. Kumar*  
Partner

Membership Number: 15590

**The Annexure referred to in the independent auditors' report to the members of the IFCI Financial Services Limited on the financial statements for the year ended March 31, 2012, we report that:**

1. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets.

All the fixed assets were physically verified by the management during the year in accordance with a planned programme of verifying them once in a year which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such verification.

Based on the information and explanation given by the management and on the basis of audit procedures performed by us, we are of the opinion that the Company has not disposed off substantial part of its fixed assets during the year giving rise to the question of whether the company's ability to continue as a going concern is impaired.

2. As informed to us, the inventories (which are in the form of securities), which are held in dematerialized form, have been verified by the management with the supporting evidence during the year. In our opinion, the frequency of verification is reasonable.

The procedures of verification of inventory followed by the management are reasonable and adequate in relation to size of the company and the nature of its business. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory.

We are informed that no discrepancies were noticed on verification between the dematerialised stocks and the book records.

3. As informed to us the Company had granted an unsecured loan to relative of the Managing Director covered in the register maintained under Section 301 of the Companies Act 1956, in an earlier year. The maximum amount involved was Rs. 42.45 lakhs and year end balance of loan is Rs. Nil/-. According to the information and explanation given to us, the company has given the said loan without any interest. This loan amount was written off by the company during the year. Also loan of Rs.32.45 crores was obtained and repaid during the year from the subsidiary company. The maximum amount involved was Rs.32.45 crores and year end balance was Rs.Nil/-. In our opinion considering the circumstances under which the loan had arisen, the terms and conditions of such loan are not prima facie prejudicial to the interest of the Company.

According to the information and explanation given to us, the loan granted is repayable on demand and the company has not demanded repayment of the loan during the year. There is no overdue amount of more than rupees 1 lakh in respect of the loan given to the said party.





4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to purchase of fixed asset and inventory (securities) and sale of inventory (securities) and sale of services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. According to the information and explanation given to us, we are of the opinion that the particulars of contract or arrangement referred to in section 301 of the Companies' Act 1956 that need to be entered into the register maintained under that section have been so entered. In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contracts or arrangement exceeding value of rupee five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market price at the relevant time.
6. The company has not accepted any deposits.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. Maintenance of Cost records as per clause 4(viii) of the Companies (Auditor's report) order, 2003 (as amended) is not applicable to company.
9. According to the records of the Company and according to the information and explanations provided to us, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Service Tax, Cess and any other statutory dues with the appropriate authorities as applicable. There are no dues to Investor Education and Protection Fund. There are no amounts as at March 31, 2012 outstanding for a period of more than six months from the date they become payable.

According to the information and explanations given to us there are no undisputed amounts payable in respect of Income tax, Sales tax, Wealth tax, Service tax, Custom duty, Excise duty and cess as on March 31, 2012 except the following:

Name of the Statute	Forum before which the case is pending	Assessment Year	Amount
The Income Tax Act, 1961	Commissioner of Income Tax (Appeals)	2009-10	Rs. 90,670/-

There were no dues on account of Income tax, Wealth tax, Service Tax, Customs duty, Cess as on 31<sup>st</sup> March 2012 which has not been deposited on account of disputes.



10. The Company has incurred cash loss during the current financial year and earned profit in the previous financial year. As on 31<sup>st</sup> March 2012, the accumulated losses of the company is not more than 50% of its network.
11. There are no outstanding dues to financial Institutions, banks or debenture holders during the year.
12. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or nidhi/ mutual benefit fund, society therefore clause 4(xiii) of the Companies (Auditor's report) order, 2003 (as amended) is not applicable to company.
14. Based on our audit procedures and according to the information and explanation provided to us by the management, we are of the opinion that the Company has maintained proper records in respect of the trading transactions and contracts of shares, securities, debentures and other investments. Also, the Company has accounted such transaction on date of transactions. Further, the Company has held the investment in its own name.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or Financial Institution except to its fully owned subsidiary for an amount of Rs.5 crores. Considering the circumstances, the terms and conditions are not prejudicial to the interest of the company.
16. On the basis of overall examination of the Balance Sheet of the Company and the information & explanation provided to us, the company has not availed any term loans during the financial year.
17. On the basis of overall examination of the Balance Sheet of the Company and the information & explanation provided to us, prima facie no fund raised on short term basis have been used for long term investment.
18. During the year, the company has allotted 3,24,60,621 equity shares at Rs. 23.49/- (including premium of Rs.13.49/-) to the holding company by converting the unsecured loan into equity capital. In our opinion, this preferential allotment of equity share to the holding company is not prejudicial against the interest of the company.
19. The company has not issued any debentures.
20. The company has not raised any money through public issue and hence clause 4(xx) of the Companies (Auditor's report) order, 2003 (as amended) is not applicable to company.



**BRAHMAYYA & CO.,**  
CHARTERED ACCOUNTANTS

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48, Masilamani Road,  
Balaji Nagar, Royapettah,  
Chennai - 600 014. India.

21. Based upon the audit procedures performed and the information and explanations provided to us by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

Place: New Delhi  
Date : April 11, 2012



For Brahmayya & Co.,  
Chartered Accountants  
Firm Registration No. 000511S

  
P.S. Kumar  
Partner  
Membership No. 15590

**IFCI Financial Services Limited**  
**Balance Sheet as at 31st March 2012**

(Amount in ₹)

Particulars	Note No.	As at 31 March 2012	As at 31 March 2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	41,53,37,090	9,07,30,880
(b) Reserves and surplus	3	35,71,70,568	12,25,93,152
<b>2 Share application money pending allotment</b>		-	76,25,00,000
<b>3 Non-current liabilities</b>			
(a) Deferred tax liabilities (Net)		-	20,77,462
(b) Other Long term liabilities	4	92,43,057	93,01,756
(c) Long-term provisions	5	10,77,475	21,56,334
<b>4 Current liabilities</b>			
(a) Short-term borrowings	6	7,62,03,909	-
(b) Trade payables		19,26,34,308	37,90,25,443
(c) Other current liabilities	7	2,80,65,605	2,79,91,333
(d) Short-term provisions	8	8,85,475	-
<b>TOTAL</b>		<b>1,08,06,17,487</b>	<b>1,39,63,76,360</b>
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	9		
(i) Tangible assets		4,99,52,392	5,96,57,013
(ii) Intangible assets		1,05,35,488	1,72,08,023
(b) Non-current investments	10	21,52,23,063	21,13,45,989
(c) Long-term loans and advances	11	7,63,40,556	9,83,29,378
(d) Other non-current assets		-	-
<b>2 Current assets</b>			
(a) Current investments	12	23,39,87,576	1,55,78,242
(b) Trade receivables	13	28,31,62,776	64,10,98,341
(c) Cash and Bank balances	14	18,04,84,079	31,28,65,488
(d) Short-term loans and advances	15	1,03,59,311	2,36,67,434
(e) Other current assets	16	2,05,72,248	1,66,26,453
<b>TOTAL</b>		<b>1,08,06,17,487</b>	<b>1,39,63,76,360</b>

FOR BRAHMAYYA & CO.  
CHARTERED ACCOUNTANTS  
Firm No. 0005115

P S KUMAR  
PARTNER  
Membership No. 15590



PLACE : NEW DELHI  
DATE : April 11, 2012

FOR AND ON BEHALF OF THE BOARD OF  
IFCI FINANCIAL SERVICES LIMITED

SUJIT KUMAR MANDAL  
EXECUTIVE CHAIRMAN

BISWAJIT BANERJEE  
WHOLE TIME DIRECTOR

K J CHANDRA MOULI  
COMPANY SECRETARY

**IFCI Financial Services Limited**  
**Profit and loss statement for the year ended 31st March 2012**

Particulars	Refer Note No.	For the year ended 31 March 2012	For the year ended 31 March 2011
I. Revenue from operations	17	20,32,60,486	26,35,69,931
II. Other Operating Income	18	98,15,207	39,32,104
III. Other Income	19	5,99,35,700	6,37,90,790
<b>IV. Total Revenue (I + II + III)</b>		<b>27,30,11,394</b>	<b>33,12,92,826</b>
V. Expenses:			
Employee benefits expense	20	11,41,70,137	12,01,32,309
Finance costs	21	2,07,13,270	7,14,50,468
Depreciation and amortization expense	9	2,83,82,115	2,40,25,566
Other expenses	22	12,74,87,652	10,42,82,700
Loss on trading in Securities		1,84,51,943	76,40,345
Diminution in the value of Securities held as stock in trade		3,30,61,151	11,34,715
Bad Debts Written off		1,06,67,689	
<b>Total expenses (V)</b>		<b>35,29,33,957</b>	<b>32,86,66,104</b>
<b>VI. Profit before exceptional and extraordinary items and tax (IV - V)</b>		<b>(7,99,22,563)</b>	<b>26,26,722</b>
VII. Exceptional items		-	-
<b>VIII. Profit before extraordinary items and tax (VI - VII)</b>		<b>(7,99,22,563)</b>	<b>26,26,722</b>
IX. Extraordinary Items		-	-
Provision for Doubtful Debts and Advances		12,26,12,749	-
<b>X. Profit before tax (VIII - IX)</b>		<b>(20,25,35,312)</b>	<b>26,26,722</b>
XI. Tax expense:			
Provision for Taxation		-	4,65,655
- Current Tax - MAT provided		-	(4,65,655)
- Current Tax - MAT Credit Entitlement		-	5,15,095
- Income Tax for Earlier Year		-	(7,32,938)
- Deferred Tax Charge (Net)		28,58,524	-
<b>XII Profit (Loss) for the period from continuing operations (X - XI)</b>		<b>(20,77,462)</b>	<b>(7,32,938)</b>
XIII Profit/(loss) from discontinuing operations		(20,33,16,374)	28,44,565
XIV Tax expense of discontinuing operations		-	-
<b>XV Profit/(loss) from Discontinuing operations (after tax) (XIII - XIV)</b>		<b>(20,33,16,374)</b>	<b>28,44,565</b>
<b>XVI Profit (Loss) for the period (XII + XV)</b>		<b>(40,10,62,836)</b>	<b>(4,68,373)</b>
XVII Earnings per equity share:			
(1) Basic		(9.00)	0.31
(2) Diluted		(9.00)	0.31

FOR BRAHMAYYA & CO.  
 CHARTERED ACCOUNTANTS

Firm No. 0005115

P S KUMAR  
 PARTNER  
 Membership No. 15590

PLACE : NEW DELHI  
 DATE : April 11, 2012



FOR AND ON BEHALF OF THE BOARD OF  
 IFCI FINANCIAL SERVICES LIMITED

*Sujit Kumar Mandal*  
 SUJIT KUMAR MANDAL  
 EXECUTIVE CHAIRMAN

*Biswajit Banerjee*  
 BISWAJIT BANERJEE  
 WHOLE TIME DIRECTOR

*KJ Chandra Mouli*  
 KJ CHANDRA MOULI  
 COMPANY SECRETARY

**IFCI FINANCIAL SERVICES LIMITED**  
**CASH FLOW STATEMENT AS ON 31ST MARCH 2012**

Particulars	(Amount in ₹)	
	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		26,26,722
Net Profit before tax and exceptional items as per		
Adjustments for:		
Depreciation / Amortisation on Fixed Assets	2,83,82,115	2,40,25,566
Provision for Doubtful Debts	12,26,12,749	-
Diminution in Value of Stock	3,30,61,151	11,34,715
Bad Debts Written Off	1,06,67,689	
Dividend Received (considered separately under Investment Activities)		(8,69,382)
Finance Cost (considered separately under Finance Activities)	2,07,13,270	
Interest income	(1,97,83,420)	13,170
Profit/(Loss) on Fixed Asset	25,652	
<b>Operation Profit before Working Capital Changes</b>	<b>19,56,79,206</b>	<b>2,43,04,070</b>
Adjustments for:		
(Increase) / Decrease in Current Investments	(9,53,47,560)	(7,40,79,365)
(Increase) / Decrease in Trade Receivables	6,46,55,127	(29,32,40,174)
(Increase) / Decrease in Loans & Advances	3,70,85,400	4,03,707
Increase / (Decrease) in Current Liabilities	(18,63,16,864)	1,33,79,211
Increase / (Decrease) in Provisions	(1,93,384)	33,71,36,169
Increase / (Decrease) in Non - Current Liabilities	(58,698)	6,54,334
<b>Cash Generated from Operation before tax</b>	<b>(18,01,75,980)</b>	<b>33,77,90,503</b>
Direct taxes paid	(53,74,134)	
<b>Net cash from Operating Activities</b>	<b>(18,70,32,086)</b>	<b>1,11,84,674</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,23,32,947)	(4,42,18,329)
Decrease in Capital advance	7,27,154	
(Increase) / Decrease in Fixed Deposits	(67,64,275)	(13,17,29,032)
Dividend Received		8,69,382
Interest received	1,58,37,629	(15,88,94,679)
(Purchase) / Sale of Investment	3,02,336	5,000
Sale of Fixed Assets	(22,30,103)	
<b>Net Cash used in / raised from Investing Activities</b>		<b>(33,39,67,658)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Short term Borrowing(net)	7,62,03,909	
Finance Cost	(2,07,13,270)	
Loan Proceeds Received	36,15,00,000	8,32,66,517
Repayment of Loans	(36,15,00,000)	
<b>Net Changes in Cash &amp; Cash Equivalent (a+b+c)</b>	<b>5,54,90,639</b>	<b>8,32,66,517</b>
Opening Cash and Cash Equivalent	(13,91,45,684)	(24,00,31,562)
Closing Cash and Cash Equivalent	18,11,36,456	42,11,68,018
Increase / (Decrease) in Cash & Cash Equivalent	4,19,90,772	18,11,36,456
	(13,91,45,684)	(24,00,31,562)

FOR BRAHMAYYA & CO.  
CHARTERED ACCOUNTANTS  
Firm No. 0005115

P S KUMAR  
PARTNER  
Membership No. 15590

PLACE : NEW DELHI  
DATE : April 11, 2012



FOR AND ON BEHALF OF THE BOARD OF  
IFCI FINANCIAL SERVICES LIMITED

SUJIT KUMAR MANDAL  
EXECUTIVE CHAIRMAN

BISWAJIT BANERJEE  
WHOLE TIME DIRECTOR

K J CHANDRA MOULI  
COMPANY SECRETARY

**IFCI FINANCIAL SERVICES LIMITED**

**Note No. 1**

**A. Significant Accounting Policies:**

**I. Nature of Business:**

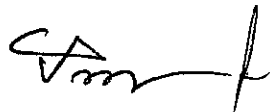
The Company is a SEBI registered Stock Broker on National Stock Exchange of India Ltd (NSE), Bombay Stock Exchange (BSE) and Multi Commodity Stock Exchange (MCX-SX) and primarily engaged in the business of providing securities market related transaction services.

**II. Method of Accounting:**

The financial accounts are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles and as prescribed under the Companies Accounting Standards Rules, 2006 issued by the Ministry of Corporate of Affairs.

**III. Use of Estimates:**

The preparation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any differences of actual results to such estimates are recognized in the period in which the results are known / materialized.



#### IV. Revenue Recognition:

##### Broking Income

- Broking income is recognized on the basis of settlement date of transactions.

##### Interest Income

- Interest earned on fixed income bearing securities is accounted on an accrual basis.

##### Loan Syndication Fees

- Loan Syndication Fees are recognized when the right to receive the income is established.

##### Income from Depository Segment

- Depository Services incomes are recognised on the basis of agreements entered into with clients and when the right to receive the income is established.

##### Insurance Income

- Insurance Commission from Agency business is booked upon actual receipt of commission from the principal.

##### Commission from marketing of Mutual Fund units and Bonds

- The Company is accounting for commission from marketing of mutual fund units and Bonds on accrual basis.

##### Equity Index/Stock – derivatives

- (a) Equity Index/Stock Futures are marked to market on daily basis. Debit or Credit Balances disclosed under Current Assets or Current liabilities respectively represent the net amount paid or received on the basis of movement of prices in the Index Stock Futures till the Balance sheet date.

- (b) As at the Balance sheet date, the profit or loss on open positions are accounted for as follows:

The unrealized profit determined Scrip wise/Index wise, being anticipated profit, is ignored and no credit is taken in the profit and loss account. The unrealized loss determined Scrip wise/Index wise, being anticipated loss, is recognized in the profit and loss account.

- (c) On final settlement or squaring-up of contracts for Equity Index/Stock Futures, the profit or loss is calculated as difference between settlement/squaring-up price and contract price. Accordingly, debit or credit



*[Handwritten signatures]*



balance pertaining to the settled/squared-up contract is recognized as profit or loss upon expiry/squaring-up of the contracts. When more than one contract in respect of the relevant series of Equity Index/Stock Futures contract to which the squared-up contract pertains is outstanding at the time of the squaring-up of the contract, the contract price of the contract so squared-up is determined using weighted average method for calculating profit/loss on squaring up.

- (d) Initial and additional margin paid over and above initial margin, for entering into contracts for Equity Index/Stock Futures, which are released on final settlement/squaring-up of underlying contracts, are disclosed under Current Assets.

Fee Income from Portfolio Management and advisory services

- Fee income from Portfolio Management and advisory services is recognized on accrual basis.

Income from sale of electricity

- Units generated from windmills are sold to the Tamil Nadu Electricity Board (TNEB) at agreed rates and the income is included in the value of power generated from windmills.

**V. Investments:**

- The Company acquires holds and deals in shares in its own account also. The investments intended to be held for one year or more were classified as long-term investments and provision for diminution in the value of long term investments being made only if such a decline is other than temporary. The company has changed its investment policy of classifying investment in shares and securities as long term and short term. As per this change in the policy, effective from 31<sup>st</sup> December 2011, the company has reclassified all long term investments in shares and securities as current investments. As required by Accounting Standard 13, the transfer is made at the lower of cost or the carrying amount. As a consequence to this re-classification, the company has valued the above investments at lower of cost or market value, which has resulted in diminution of the value of the said stock by Rs. 3,41,95,867/-.



- Current investments are considered as stock in trade and are valued at lower of cost or net realizable value.

**VI. Fixed Assets and Depreciation:**

- Fixed assets are stated at historical cost less accumulated depreciation.
- Intangible Assets:

Intangible assets are recognized if they are separately identifiable and the Company controls the future economic benefits arising out of them. All other expenses on intangible items are charged to the profit and loss account.

The computer software is identified as Intangible assets and has been amortized at the rate of 40% following WDV method.

The consideration paid as non-compete fees is identified as an Intangible Asset and has been amortized as per the terms of the agreement on straight line basis.

- Depreciation on the fixed assets is provided on the written down value method at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956.

**VII. Impairment of Assets:**

- An asset is impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the period/year in which the said asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of the recoverable amount.

**VIII. Employee Benefits:**

Employee benefits comprise both defined contribution plan and defined benefit plans. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

- Defined contribution plan - Provident Fund & Employee Pension Scheme

The Company's contribution paid/payable during the year for the Provident and Employee Pension Scheme Funds are charged to the Profit & Loss Account.



▪ **Defined benefit plan - Gratuity**

The Company's liability towards gratuity is accounted for on the basis of an actuarial valuation done at the year end and is charged to the Profit and Loss account.

▪ **Compensated Absence**

The Company has changed its leave encashment policy effective from 1<sup>st</sup> January, 2011. As per the revised policy, an employee is entitled to 24 days of earned leave per year and any leave standing to the credit of the employee at the end of the calendar year will be paid as leave salary calculated on the basic pay along with January month salary of the immediate next calendar year. As such leave encashment liability for the period up to 31<sup>st</sup> December 2011 is fulfilled. Provision for the period from 1<sup>st</sup> January 2012 to 31<sup>st</sup> March 2012 is provided for in the books for an amount of Rs.8,85,478/-.

**IX. Borrowing Costs:**

Interest and other borrowing costs attributable to qualifying assets are capitalised. Other interest and borrowing costs are charged to revenue.

**X. Taxation:**

Income Tax liability is computed based on the statute in force and charged to the profit and loss account.

**B. Notes forming part of the Accounts**

**I. Contingent Liabilities not provided for:**

- a) Bank guarantees aggregating to Rs. 17,16,00,000/- (Previous Year - Rs.19,00,00,000/-) to National Stock Exchange of India Limited, Rs.2,00,00,000/- (Previous Year - 5,00,00,000/-) to Bombay Stock Exchange and Rs.50,00,000/- (Previous Year - Nil) to MCX Stock Exchange Limited as on 31<sup>st</sup> March 2012 for meeting margin requirements.



- b) The Company has pledged fixed deposits aggregating to Rs.13,84,93,307/- (Previous Year – Rs.12,00,00,000/-) with banks for obtaining the above bank guarantees.
- c) Counter guarantee given by the Company to a bank for issue of bank guarantee to the subsidiary company IFIN Commodities Limited - Rs.5,00,00,000/- (previous year – Rs.5,00,00,000/-).
- d) The clients of the company has filled four cases, the details of which were as follows:

Forum before which the case is pending	No. of cases	Amount
High Court, Madras *	1	15,40,013
NSE Arbitration Appellate Tribunal, Chennai @	1	1,33,05,782
NSE Arbitrator, Chennai	1	9,80,000
NSE Arbitration Appellate Tribunal, New Delhi	1	10,000

\*Note: One sub broker has made a claim of Rs.15,40,013/- against the company before NSE Arbitration Appellate Tribunal, Mumbai. The Tribunal ordered the company to pay a sum of Rs.5,00,000/- to the sub broker. The company has appealed against the tribunal's order before High Court of Madras.

@Note: One of the client lodged a case against the company claiming an amount of Rs.1,33,05,782/- before NSE Arbitration Appellate Tribunal, Chennai. The Tribunal dismissed the application of the client. However, the client preferred an appeal before NSE.



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- e) The Company has entered into an agreement to sell electricity to TNEB @ Rs.3.39 per unit. The rate however is on a conditional basis subject to the outcome of the appeal petition of the TNEB before the honourable ATE and, excess tariff, if any, paid will be adjusted by TNEB against the subsequent bills raised by the Company.

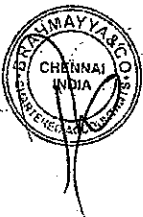
**II. Estimated amount of contracts remaining to be executed**

Estimated amount of contracts remaining to be executed on Capital account and not provided for (net of advances) is Rs.1,58,185/- (Previous Year – Rs.18,00,000/-)

**III. Earnings Per Share:**

The Earning Per Share [EPS] has been computed in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India. The numerators and denominators used to calculate the EPS are:

Particulars	As on 31-03-2012	As on 31-03-2011
Net Profit for the year available for the equity share holders (Before extra-ordinary Item)	(20,33,16,374)	28,44,565
Nominal value per equity share	10	10
Weighted Average No. of outstanding equity shares during the year – Basic & Diluted.	2,25,98,347	90,73,088
Basic & Diluted Earnings per Share (Before extra-ordinary Item)	(9.00)	0.31
Net Profit for the year available for the equity share holders (After extra-ordinary Item)	(20,33,16,374)	28,44,565
Basic & Diluted Earnings per Share (After extra-ordinary Item)	(9.00)	0.31



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**IV. Current and Deferred Taxation:**

- (a) The Company has provided for Minimum Alternate Tax (MAT) amounting to Rs. Nil (Previous Year – Rs.4,65,655/-) as per section 115JB of the Income Tax Act, 1961.
- (b) During the year the tax effect on timing difference has resulted in Deferred Tax Asset and as a matter of prudence the company has not recognized the same in the books.

**V. Managerial Remuneration:**

Particulars	2011-12	2010-11
To Managing Director		
(a) Salary and Allowances	79,21,666	1,12,54,167
(b) Contribution to PF and other funds	6,19,355	9,00,000
<b>Total</b>	<b>85,41,021</b>	<b>1,21,54,167</b>

The above remuneration paid to the Ex - Managing Director is in accordance with the approval of the shareholders. Out of Rs.85,41,021/-, the amount paid in excess of the limits specified in Schedule XIII to the Companies Act, 1956 is Rs.28,70,793/-. The company has filed necessary application to the central government for wavier of the excess remuneration paid, which is awaited.

**VI. Related Party Disclosure as per AS 18:**

- a) Holding Company : IFCI Limited
- b) Subsidiary Companies : a) IFIN Commodities Limited  
b) IFIN Credit Limited  
c) Narayan Sriram Investments Private Limited
- c) Fellow Subsidiaries : a) IFCI Venture Capital Funds Limited  
b) IFCI Factors Limited  
c) IFCI Infrastructure Development limited



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d) Companies in which directors are interested:

a) Toursim Finance Corporation of India  
Limited

e) Key Management Personnel and relatives of such personnel:

Mr. Satpal Kumar Arora : Managing Director (since 04.12.2011)  
Mr. Sujith Kumar Mandal : Whole Time Director (since 14.01.2012)  
Mrs. Chandra Ramesh : Managing Director (till 8<sup>th</sup> December 2011)  
Mr. D. V. Ramesh : Chief Operating Officer (till 8<sup>th</sup> December 2011)

f) Transaction with Related Parties:

Sr. No.	Particulars	Holding /Subsidiary/ Fellow Subsidiary Companies		Key Managerial Personnel	
		2011-12	2010-11	2011-12	2010-11
1	Rent Paid	98,40,123	1,03,92,000	13,61,200	16,33,000
2	Rent received from IFIN Commodities Ltd.	33,51,552	32,61,000	-	-
3	Brokerage Received	74,99,473	72,42,000	-	-
4	Portfolio Management Services fees received	10,13,915	57,78,000	-	-
5	Depository Services	31,03,728	1,64,54,000	-	-
6	Reimbursement of Expenses to IFCI Limited.	5,21,287	5,01,000	-	-
7	Reimbursement of Exp received from IFIN Commodities Limited	4,39,02,066	2,67,74,000	-	-
8	Managerial Remuneration	-	-	1,27,59,086	1,84,66,000
9	Consultancy Fee received from IFIN Commodities Limited	43,45,445	31,90,000	-	-
10	Advances Given	-	25,74,00,000	-	-
11	Advances repaid	-	26,54,00,000	-	-
12	Loan Availed	36,15,00,000	30,00,00,000	-	-
13	Loan Repaid	36,15,00,000	8,75,00,000	-	-
14	Interest paid on Term Loan availed	-	6,80,54,000	-	-



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15	Share application Deposit from IFCI Ltd by conversion of outstanding term loan	-	76,25,00,000	-	-
16	Corporate Guarantee Issued	-	3,00,00,000	-	-
17	Corporate Guarantee Outstanding	-	5,00,00,000	-	-
18	Interest Paid	20,38,854	-	-	-
19	Interest received from IFIN Commodities Ltd.	-	7,57,000	-	-
20	Equity contribution made in NSIPL	16,00,00,000	-	-	-

#### VII. Employee Benefits

Provisions for employee benefits under revised AS 15:

- (a) Defined Contribution plan: The amount recognized as an expense during the year is Rs.1,08,03,035/- (Previous Year – Rs. 88,80,905/-) towards Provident fund.
- (b) The Company has constituted The Employees Group Gratuity Fund under the Group Gratuity Assurance Scheme administered by the Life Insurance Corporation of India. The scheme provides for Lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each year of completed service or part thereof in excess of 6 months. Vesting occurs on completion of 5 years of service.

The following table sets out the Gratuity plan as required under AS-15 (revised).

Particulars	2011-12	2010-11
Projected benefit obligation, beginning of the year	28,97,338	-
Service Cost	16,38,882	28,97,338
Interest cost	2,22,693	-
Actuarial (gain)/loss	(4,72,555)	-
Benefits paid	(2,27,358)	-
Projected benefit obligation, end of the year	40,59,000	28,97,338



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**Change in plan assets:**

Particulars	2011-12	2010-11
Plan assets at beginning of the year at fair value	22,01,807	-
Expected return on plan assets	1,87,976	8,845
Actuarial gain/(loss)	-	-
Employer's Contributions	3,64,384	21,92,962
Benefits paid	2,27,358	-
Plan assets at end of the year, at fair value	29,81,525	22,01,807

**Reconciliation of present value of the obligation and the fair value of the plan assets**

Particulars	2011-12	2010-11
Fair value of plan assets at the end of the year	29,81,525	22,01,807
Present value of the defined benefit obligations at the end of the period	40,59,000	28,97,338
Liability recognized in the balance sheet	10,77,475	6,95,531

**Gratuity cost for the year ended March 31 2012**

Particulars	2011-12	2010-11
Service cost	16,38,882	28,97,338
Interest cost	2,22,693	-
Expected return on plan assets	(1,87,976)	(8,845)
Actuarial (gain)/loss	(4,72,555)	-
Net cost	12,01,044	28,88,493

**Assumptions**

Particulars	2011-12	2010-11
Discount rate	8%	8%
Salary escalation rate	5%	7%
Attrition rate	1-3%	1-3%



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**VIII. Details of Auditors Remuneration (Excluding Service Tax):**

Nature of Service	2011 - 12	2010 - 11
Audit Fee	3,25,000	2,00,000
For quarterly reporting and Consolidating financial statements	2,15,000	1,40,000
<b>Total</b>	<b>5,40,000</b>	<b>3,40,000</b>

**IX. Disclosure as per AS-17 'Segmental Reporting'**

Particulars	Brokerage	Merchant Banking	Depository	Mutual Funds	Insurance Income	PMS	Windmill	Total
External - Segment Revenue	1,781.70	201.54	89.47	311.68	5.82	10.14	51.94	2,452.29
	(2,115.23)	(315.48)	(202.83)	(186.28)	(2.47)	(52.70)	(10.40)	(2,885.38)
Inter Segment Revenue	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Total Revenue	1,781.70	201.54	89.47	311.68	5.82	10.14	51.94	2,452.29
	(2,115.23)	(315.48)	(202.83)	(186.28)	(2.47)	(52.70)	(10.40)	(2,885.38)
Segment Result	1,429.89	201.54	88.41	122.56	5.82	10.14	51.94	1,910.30
	(1,751.28)	(315.48)	(202.83)	(103.86)	(2.47)	(52.70)	(10.40)	(2,439.01)
Unallocated Corporate Expenses net of Income	-	-	-	-	-	-	-	(4,132.19)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,765.50)
Operating Profit	-	-	-	-	-	-	-	(2,221.89)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(326.49)
Interest Income	197.83	-	-	-	-	-	-	197.83
	(352.77)	-	-	-	-	-	-	(352.77)
Net Profit before Tax	-	-	-	-	-	-	-	(2,024.06)
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(26.28)
Tax Expenses	-	-	-	-	-	-	-	7.81
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-



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Net Profit after Tax	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(2,031.87)
Segment Assets	2,392.14	278.84	175.17	10.02	29.09	-	279.01	(26.28)
	(4,065.36)	(216.86)	(195.22)	(22.27)	(-)	(62.32)	(393.58)	3,164.27
Unallocated Assets	7,643.20	-	-	-	-	-	-	(4,955.61)
	(9,927.40)	(-)	(-)	(-)	(-)	(-)	(-)	7,643.20
Total Assets	10,035.33	278.84	175.17	10.02	29.09	-	279.01	(9,927.40)
	(13,992.76)	(216.86)	(195.22)	(22.27)	(-)	(62.32)	(393.58)	10,807.47
								(14,883.01)

Particulars	Brokerage	Merchant Banking	Depository	Mutual Funds	Insurance income	PMS	Windmill	Total
Segment Liabilities	2,846.40	0.73	24.43	-	-	0.01	-	2,871.58
	(4,662.55)	(-)	(0.31)	(38.55)	(-)	(-)	(23.00)	(4,701.42)
Unallocated Liabilities	7,935.89	-	-	-	-	-	-	7,935.89
	(10,158.59)	(-)	(-)	(-)	(-)	(-)	(-)	(10,158.59)
Total Liabilities	10,782.29	0.73	24.43	-	-	-	-	10,807.46
	(14,821.15)	(-)	(0.31)	(38.55)	(-)	(-)	(23.00)	(14,860.01)
Capital Expenditure	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(18.00)
Depreciation	-	-	-	-	-	-	-	282.53
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(240.26)
Non-cash expenses other than Depreciation	-	-	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)



**X. Foreign Exchange Inflow and Outflow**


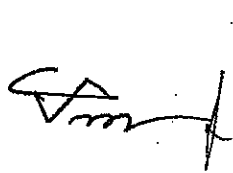
During the year, the company has spent a sum of Rs.6,04,906/- in foreign exchange towards travelling and conveyance.

XI. Balances of Sundry Debtors, Advances recoverable are subject to confirmation from the respective parties. In the opinion of the management, the balances are considered as good and recoverable except debtors for an amount of Rs. 12,74,87,287/-.

XII. The Company had initiated the process of identifying the vendors under Micro, Small & Medium Enterprises Development Act, 2006. The Company is yet to receive intimation from the vendors stating their status under Micro, Small & Medium Enterprises Development Act, 2006. In view of this, the company has not made any provision and disclosure required by this Act.

XIII. Figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the current year figures.

XIV. Figures have been rounded off to the nearest Rupee. Figures in bracket represent previous year's figures.



Note no. 2 Share Capital

Share Capital	As at 31 March 2012		As at 31 March 2011	
	Number	₹	Number	₹
<b>Authorised</b> Equity Shares of Rs.10/- each	5,00,00,000	50,00,00,000	2,82,50,000	28,25,00,000
<b>Issued</b> Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	90,73,088	9,07,30,880
<b>Subscribed &amp; Paid up</b> Equity Shares of Rs.10/- each	4,15,33,709	41,53,37,090	90,73,088	9,07,30,880
<b>Total</b>	4,15,33,709	41,53,37,090	90,73,088	9,07,30,880

Particulars	Equity Shares		Preference Shares	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	90,73,088	9,07,30,880	-	-
Shares issued during the year	3,24,60,621	32,46,06,210	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	4,15,33,709	41,53,37,090	-	-

3,93,63,809 Equity Shares (Previous year - 69,03,188 equity shares) are held by IFCI Limited, the holding company and its nominees.

Name of Shareholder	As at 31 March 2012		As at 31 March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
IFCI Limited and nominees	3,93,63,809	95	69,03,188	76
Ms.Chandra Ramesh	17,57,619	4	17,57,619	19

Particulars	Year (Aggregate No. of Shares)				
	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Equity Shares :</b>					
Fully paid up pursuant to contract(s) without payment being received in cash	38,23,088	38,23,088	38,23,088	16,53,188	16,53,188
Fully paid up by way of bonus shares	-	-	-	-	-
Shares bought back	-	-	-	-	-



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**Note No. 3 Reserves and Surplus**

<b>Reserves &amp; Surplus</b>	<b>As at March, 31, 2012</b>	<b>As at March, 31, 2011</b>
	<b>₹</b>	<b>₹</b>
<b>A. Securities Premium Account</b>		
Opening Balance	1,37,50,000	1,37,50,000
Add : Securities premium credited on Share issue	43,78,93,790	0
Closing Balance	45,16,43,790	1,37,50,000
<b>B. Other Reserves (Specify the nature and purpose of each reserve)</b>		
<b>i) Amalgamation Reserve:</b>		
Opening Balance	97,63,970	97,63,970
Closing Balance	97,63,970	97,63,970
<b>ii) General Reserve:</b>		
Opening Balance	91,79,620	91,79,620
Closing Balance	91,79,620	91,79,620
<b>C. Surplus:</b>		
Opening balance	8,98,99,562	8,70,54,997
(+) Net Profit/(Net Loss) For the current year	(20,33,16,374)	28,44,565
Closing Balance	(11,34,16,812)	8,98,99,562
<b>Total</b>	<b>35,71,70,568</b>	<b>12,25,93,152</b>

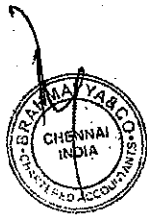
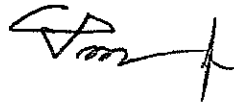
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**Note No. 4 Other Long Term Liabilities**

<u>Other Long Term Liabilities</u>	As at 31 March 2012	As at 31 March 2011
	₹	₹
(a) Security Deposit and Sundry deposits	92,43,057	93,01,756
<b>Total</b>	<b>92,43,057</b>	<b>93,01,756</b>

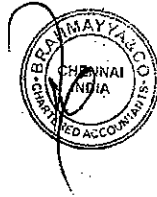


**Note 5 - Long Term Provisions**

<b><u>Long Term Provisions</u></b>	<b>As at 31 March 2012</b>	<b>As at 31 March 2011</b>
	<b>₹</b>	<b>₹</b>
<b>(a) Provision for employee benefits</b>		
Gratuity	10,77,475	21,56,334
<b>Total</b>	<b>10,77,475</b>	<b>21,56,334</b>

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**Note No. 6 Short Term Borrowings**

<u>Short Term Borrowings</u>	As at 31 March 2012	As at 31 March 2011
	₹	₹
<b>Secured</b>		
(A) Other loans and advances (specify nature)		
Marin funding loan	7,62,03,909	-
(Secured By Shares)(Refer Note 12)		
	7,62,03,909	-
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect above		
1. Period of default	Nil	
2. Amount		
<b>Total</b>	<b>7,62,03,909</b>	<b>-</b>

**Note No. 7 Other Current Liabilities**

<u>Other Current Liabilities</u>	As at 31 March 2012	As at 31 March 2011
	₹	₹
(a) Other payables		
Creditors for expenses	71,48,101	
Other liabilities	2,09,17,504	43,47,620
<b>Total</b>	<b>2,80,65,605</b>	<b>2,36,43,713</b>

**Note No. 8 Short Term Provisions**

<u>Short Term Provisions</u>	As at 31 March 2012	As at 31 March 2011
	₹	₹
(a) Provision for employee benefits		
Leave Encashment	8,85,475	-
<b>Total</b>	<b>8,85,475</b>	<b>-</b>



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Note No. 9 Fixed Assets

Fixed Assets	Gross Block		Accumulated Depreciation			Net Block	
	Balance as at 1 April 2011	Balance as at 31 Mar 2012 Additions/ (Disposals)	Balance as at 1 April 2011	Depreciation charge for the year	On disposals	Balance as at 31 Mar 2012	Balance as at 31 March 2011
	₹	₹	₹	₹	₹	₹	₹
<b>Tangible Assets</b>							
Land	2,72,500	2,72,500	-	-	-	2,72,500	2,72,500
Plant and Equipment	4,45,68,782	4,45,68,782	62,50,473	1,06,89,360	-	2,76,28,949	3,83,18,309
Furniture and Fixtures	36,64,636	13,87,262	17,63,143	6,72,112	27,105	26,43,748	19,01,493
Vehicles	18,000	4,150	16,362	425	-	5,363	1,638
Office equipment	97,43,080	15,33,212	35,62,820	10,69,551	1,85,428	68,29,349	61,80,259
computer hardware	3,14,75,790	60,51,519	1,84,92,977	66,02,166	1,40,317	1,25,72,483	1,29,82,813
<b>Total</b>	<b>8,97,42,788</b>	<b>89,76,143</b>	<b>3,00,85,775</b>	<b>1,90,33,614</b>	<b>3,52,850</b>	<b>4,99,52,392</b>	<b>5,96,57,013</b>
<b>Intangible Assets</b>							
Computer software	2,59,92,439	26,75,966	1,20,81,585	60,51,333	-	1,05,35,487	1,39,10,854
Others - Non compete fees	1,00,00,000	-	67,02,832	32,97,168	-	0	32,97,168
<b>Total</b>	<b>3,59,92,439</b>	<b>26,75,966</b>	<b>1,87,84,416</b>	<b>93,48,501</b>	<b>-</b>	<b>1,05,35,488</b>	<b>1,72,08,023</b>
<b>Capital Work In Progress</b>							
<b>Total</b>							<b>18,00,000</b>
<b>Intangible assets under Development</b>							
<b>Total</b>	<b>12,57,35,227</b>	<b>1,16,52,109</b>	<b>4,88,70,191</b>	<b>2,83,82,115</b>	<b>3,52,850</b>	<b>6,04,87,880</b>	<b>7,86,65,035</b>
<b>PREVIOUS YEAR</b>	<b>5,75,43,556</b>	<b>6,99,91,671</b>	<b>2,48,50,455</b>	<b>2,40,25,566</b>	<b>5,830</b>	<b>7,86,65,035</b>	<b>5,84,90,443</b>


**Note 10 Non Current Investments**

	Particulars	As at 31	As at 31
		March 2012	March 2011
A	Other investments (Refer B below)	₹	₹
	(b) Investment in Equity Instruments		
	Total	21,52,23,063	21,13,45,989
		21,52,23,063	21,13,45,989

	Particulars	As at 31	As at 31
		March 2012	March 2011
	Aggregate amount of quoted Investments	₹	₹
	Aggregate amount of unquoted Investments	-	14,49,90,616
		21,52,23,063	5,52,23,063

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A. Details of Trade Investments												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)	Whether stated at Cost Yes / No	If Answer to Column (9) is 'No' - Basis of Valuation	
			As at 31 Dec 2011 (4)	As at 31 March 2011 (5)			As at 31 Dec 2011 (8)	As at 31 March 2011 (9)				As at 31 Dec 2011 (10)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a)	Investment Properties											
(b)	Investment in Equity Instruments											
(c)	Investments in Preference Shares											
(d)	Investments in Government or Trust securities											
(e)	Investments in Debentures of Bonds											
(f)	Investments in Mutual Funds											
(g)	Investments in Partnership firms*											
(h)	Other non-current investments (specify nature)											
	Total											

B. Details of Other Investments												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV / Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (₹)	Whether stated at Cost Yes / No	Market Price as on 31.3.2012	If Answer to Column (9) is 'No' - Basis of Valuation
			2012 (4)	2011 (5)			2012 (8)	2011 (9)				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(a)	Investment Properties											
(b)	Investment in Equity Instruments											
	IFIN Commodities Limited	Subsidiary	20000000	20000000	unquoted	Fully paid	100	100	20000000	20000000	Yes	
	FIN Credit Unltd	Subsidiary	25000000	25000000	unquoted	Fully paid	100	100	27900000	27900000	Yes	
	Narayan Shyam Investments Private Limited	Subsidiary	1601000	1000	unquoted	Fully paid	100	100	7923063	7923063	Yes	
	RELIANCE CAPITAL		2594	2594	Quoted	Fully paid			3469988	3469988	Yes	
	ONGC		376	376	Quoted	Fully paid			304950	304950	Yes	
	L&T		109	109	Quoted	Fully paid			166625	166625	Yes	
	INFOSYS		635	635	Quoted	Fully paid			914357	914357	Yes	
	CHAMBAL FERTILISERS		83500	83500	Quoted	Fully paid			2894450	2894450	Yes	
	BHEL		3000	3000	Quoted	Fully paid			7789604	7789604	Yes	
	IDBI BANK		72500	72500	Quoted	Fully paid			2730761	2730761	Yes	
	HERO HONDA		1500	1500	Quoted	Fully paid			2973109	2973109	Yes	
	LIC HOUSING		190000	190000	Quoted	Fully paid			41168192	41168192	Yes	
	HIDALCO		85500	85500	Quoted	Fully paid			7827750	7827750	Yes	
	ATLAS CYCLE		31000	31000	Quoted	Fully paid			3469988	3469988	Yes	
	JINDAL DRILLING		8500	8500	Quoted	Fully paid			5167200	5167200	Yes	
	GIC HOUSING		15000	15000	Quoted	Fully paid			2979261	2979261	Yes	
	RELIANCE INDUSTRIAL INFRA		1250	1250	Quoted	Fully paid			1281000	1281000	Yes	
	AUROBINDO PHARMA		85000	85000	Quoted	Fully paid			5502965	5502965	Yes	
	FINANCIAL TECHNOLOGY		2000	2000	Quoted	Fully paid			2842000	2842000	Yes	
	DENA BANK		7000	7000	Quoted	Fully paid			2206336	2206336	Yes	
	LICI BANK		8000	8000	Quoted	Fully paid			8490921	8490921	Yes	
	AXIS BANK		8000	8000	Quoted	Fully paid			10228526	10228526	Yes	
	SYNDICATE BANK		37500	37500	Quoted	Fully paid			2883128	2883128	Yes	
	CANARA BANK		20000	20000	Quoted	Fully paid			12880390	12880390	Yes	
	MARUTI LTDYOS		9020	9020	Quoted	Fully paid			13196467	13196467	Yes	
	Total								215223063	215223063		

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**Note 11 Long Term Loans and Advances**

Long Term Loans and Advances	As at 31 March 2012	As at 31 March 2011
	₹	₹
<b>a. Capital Advances</b>		
Secured, considered good		
Unsecured, considered good	17,78,985	25,06,139
Doubtful		
Less: Provision for doubtful advances		
	<b>17,78,985</b>	<b>25,06,139</b>
<b>b. Security Deposits</b>		
Secured, considered good		
Unsecured, considered good	3,59,40,901	7,49,27,351
Doubtful		
Less: Provision for doubtful deposits		
	<b>3,59,40,901</b>	<b>7,49,27,351</b>
<b>c. Loans and advances to related parties</b>		
Secured, considered good		
Unsecured, considered good	1,08,16,090	42,45,000
Doubtful		
Less: Provision for doubtful loans and advances		
	<b>1,08,16,090</b>	<b>42,45,000</b>
<b>d. Other loans and advances (specify nature)</b>		
Other Loans & Advances	86,38,083	
Advance Tax (net of provisions)	1,91,66,498	1,66,50,888
Doubtful		
	<b>2,78,04,581</b>	<b>1,66,50,888</b>
	<b>7,63,40,556</b>	<b>9,83,29,378</b>

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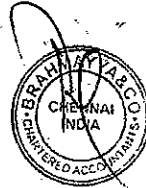

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**Note 12 Current Investments**

Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
(a) Investment in Equity instruments	26,81,83,442	1,67,12,958
(b) Investments in preference shares		
Total (A)	26,81,83,442	1,67,12,958
Less : Provision for dimunition in the value of Investments	3,41,95,867	11,34,716
Total	23,39,87,576	1,55,78,242

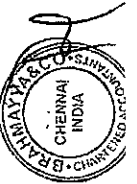
Particulars	As at 31 March 2012	As at 31 March 2011
	₹	₹
Aggregate amount of quoted investments	23,39,87,576	1,55,78,242
Aggregate amount of unquoted investments		



Details of Current Investments		Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Amount (₹)		Market Value of Investment as on 31st March 2012	Basis of Valuation
Sr. No.	Name of the Body Corporate		2012	2011	2012	2011		
(a)	Investment in Equity Instruments							
	GPI Textiles Ltd - EQ	OTHERS	41,106	41,106	-	-	-	at cost
	BALAJI IND CORP	OTHERS	100	100	-	-	-	at cost
	DAEWOO MOTORS	OTHERS	300	300	-	-	-	at cost
*	BHEL	OTHERS	20,000		1,00,31,553		51,43,000	at cost
	RELIANCE CAPITAL	OTHERS	2,594		31,69,998		10,17,886	at cost
*	STATE BANK OF INDIA	OTHERS	5,510	10	1,17,75,246		1,15,50,889	at cost
*	TITAN INDUSTRIES	OTHERS	10,000		22,69,099		22,85,500	at cost
*	IDBI BANK	OTHERS	1,04,500		1,10,17,414		1,09,41,150	at cost
*	H D F C BANK	OTHERS	30,000		1,37,11,609		1,55,95,500	at cost
*	HERO HONDA	OTHERS	2,500		49,82,462		51,38,125	at cost
*	INFOSYS TECHNOLOGIES	OTHERS	1,643	8	39,08,737		47,09,331	at cost
*	LIC HOUSING FINANC	OTHERS	1,75,000		4,56,47,208		4,60,86,250	at cost
	OIL & NATURAL GAS CO	OTHERS	376		3,04,350		1,00,900	at cost
	OSWAL AGRO	OTHERS	50		-		-	at cost
	PADMINI TECH	OTHERS	300		-		-	at cost
*	RELIANCE INDUSTRIES	OTHERS	15,000		1,21,69,500		1,12,59,000	at cost
	SBI HOMEFIN	OTHERS	1		-		-	at cost
	SUNDARAM FASTNERS	OTHERS	1,050	1,050	14,753	14,753	58,223	at cost
*	HINDALCO INDUSTRIES	OTHERS	40,500		57,99,256		52,40,700	at cost
*	TATA STEEL LTD	OTHERS	9,100	9,120	55,88,708	60,97,843	42,92,925	at cost
*	LARSEN & TOUBRO	OTHERS	19,230	1,130	3,05,23,196	18,98,873	2,51,72,070	at cost
	HINDUSTAN UNILEVER	OTHERS	999	999	2,02,840	2,02,840	4,09,640	at cost
	IND HOTEL	OTHERS	360	360	12,996	12,996	22,932	at cost
	ITC	OTHERS	600	300	84,360	84,360	1,36,140	at cost
	Gonterrmann Pelpers	OTHERS	2,400	2,400	-	-	-	at cost
	Welspun Sys Ltd	OTHERS	17,500	17,500	-	-	-	at cost
*	JINDAL DRILLING	OTHERS	8,500		44,06,516		25,68,275	at cost
*	SHIRAM TRANSPORT	OTHERS	9,500	9,500	76,23,012	76,23,012	57,07,125	at cost
*	GI C HOUSING FINANC	OTHERS	15,000		23,79,261		13,29,000	at cost
	ATHENA FINANCIAL	OTHERS	200	200	-	-	-	at cost
	SOUNDRAFT IND	OTHERS	100	100	-	-	-	at cost
*	RELIANCE INDL INFRA	OTHERS	1,250		12,81,000		5,41,313	at cost
	INFORMATION TECH	OTHERS	50	50	-	-	-	at cost

	DSO SOFTWARE	OTHERS	₹ 200	200	₹ -	-	-	-	at cost
	MATRIX LAB	OTHERS	₹ 100	100	₹ -	-	-	-	at cost
*	AUROBINDO PHARMA	OTHERS	₹ 35,000		₹ 33,02,995			41,65,000	at cost
*	FINANCIAL TECHNOLOGY	OTHERS	₹ 2,000		₹ 28,42,000			13,68,500	at cost
	SHRI SAKTHI LPG	OTHERS	₹ 500	500	-	-	-	-	at cost
	SAWACOMM	OTHERS	₹ 300	300	-	-	-	-	at cost
	SIL BUSINESS ENT	OTHERS	₹ 100	100	-	-	-	-	at cost
	TOP MEDIA	OTHERS	₹ 100	100	-	-	-	-	at cost
*	DENA BANK	OTHERS	₹ 20,000		₹ 22,06,136			18,01,000	at cost
	COLOR CHIPS	OTHERS	₹ 100	100	-	-	-	-	at cost
*	I C I BANKING CO	OTHERS	₹ 7,000		₹ 84,90,821			62,31,400	at cost
*	AXIS BANK LIMITED	OTHERS	₹ 11,000		₹ 1,43,45,943			1,26,08,200	at cost
*	CENTURION BANK(HDFC)	OTHERS	₹ 1,389	1,389	-	-	-	-	at cost
	SYNDICATE BANK	OTHERS	₹ 17,500		₹ 23,33,128			19,43,375	at cost
	VISION ORGANICS	OTHERS	₹ 100	100	-	-	-	-	at cost
*	CANARA BANK	OTHERS	₹ 70,000		₹ 3,81,02,720			3,33,06,000	at cost
*	MARUTI UDHYOG LTD	OTHERS	₹ 9,020		₹ 97,99,130			1,21,81,510	at cost
*	TATA CONSULT SER LTD	OTHERS	₹ 3,500		₹ 39,04,350			40,90,800	at cost
	NTPC	OTHERS	₹ 400	400	₹ 60,048		60,048	65,100	at cost
	IDFC LTD	OTHERS	₹ 900	900	₹ 1,44,855		1,44,855	1,21,500	at cost
	SUNDARAM FINANCE	OTHERS	₹ 300	300	₹ 48,525		48,525	1,96,830	at cost
	SAT TELEVISION	OTHERS	₹ 50	50	-	-	-	-	at cost
*	Bajaj Auto	OTHERS	₹ 1,000		₹ 17,39,755			16,78,800	at cost
	IDEN NETWORKS LTD	OTHERS	₹ 7,000		₹ 14,47,460			7,40,950	at cost
	SATYAM			1	-		68		
	THERMAX			1	-		610		
	Others	OTHERS			₹ 5,12,504		5,24,175		at cost
(b)	Investments in Preference Shares								
(c)	Investments in Government or Trust securities								
(d)	Investments in Debentures or Bonds								
(e)	Investments in Mutual Funds								
(f)	Investments in partnership firms*								
(g)	Other non-current investments (specify nature)								
	Total		₹ 7,22,878	89,124	₹ 26,81,83,442		1,67,12,958	23,98,04,857	

\* Indicates shares pledged with ILFS for Margin purposes



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**Note 13 Trade receivable**

Trade Receivables	As at 31 March 2012	As at 31 March 2011
	₹	₹
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	25,12,92,742	55,16,44,031
Unsecured, considered doubtful	-	-
	<b>25,12,92,742</b>	<b>55,16,44,031</b>
Less: Provision for doubtful debts	-	-
	<b>25,12,92,742</b>	<b>55,16,44,031</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good		
Unsecured, considered good	3,18,70,034	8,94,54,310
Unsecured, considered doubtful	12,74,87,287	-
	<b>15,93,57,321</b>	<b>8,94,54,310</b>
Less: Provision for doubtful debts	12,74,87,287	-
	<b>3,18,70,034</b>	<b>8,94,54,310</b>
<b>Total</b>	<b>28,31,62,776</b>	<b>64,10,98,341</b>

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**Note 17 Revenue from Operations**

Particulars	For the year ended 31st March 2012	For the year ended 31 March 2011
	₹	₹
Sale of products		
Sale of services		
Operating revenues:		
Brokerage On Stock Broking	13,87,95,372	18,75,94,514
Commission On Mutual Fund	81,44,676	75,01,521
Insurance Commission	1,53,048	2,20,772
Loan Syndication Fee	2,01,53,859	3,15,47,580
Depository Income	89,46,901	2,02,82,565
PMS Income	10,13,915	52,69,856
Commision From IPO / Bonds	2,30,23,758	1,11,26,529
Commision On Fixed deposits	4,29,442	26,594
Account Opening Charges	4,86,300	0
Dividend income	21,13,216	0
<b>Total</b>	<b>20,32,60,486</b>	<b>26,35,69,931</b>

**Note 18 Other Operating Income**

Particulars	For the year ended 31st March 2012	For the year ended 31 March 2011
	₹	₹
Sale of Power / Electricity	51,93,512	10,39,759
Consultance Fee Received	46,21,695	28,92,345
<b>Total</b>	<b>98,15,207</b>	<b>39,32,104</b>

**Note 19 Other Income**

Particulars	For the year ended 31st March 2012	For the year ended 31 March 2011
	₹	₹
Rental Income	33,51,552	29,56,521
Miscellaneous Income	3,68,00,728	2,48,00,483
Interest Income	1,97,83,420	3,60,33,787
<b>Total</b>	<b>5,99,35,700</b>	<b>6,37,90,790</b>

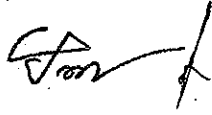
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**Note 20 Employee Benefits expense**

Employee Benefits Expense	For the year ended 31 March 2012	For the year ended 31 March 2011
	₹	₹
(a) Salaries and Incentives	9,64,87,673	10,16,90,997
(b) Contributions to -		
(i) Provident fund	1,07,33,035	88,80,905
(c) Gratuity fund contributions	(5,72,535)	30,13,920
(f) Staff welfare expenses	75,21,964	65,46,487
<b>Total</b>	<b>11,41,70,137</b>	<b>12,01,32,309</b>





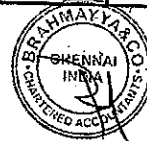
**Note 21 Finance Cost**

Particulars	For the year ended 31st March 2012	For the year ended 31 March 2011
	₹	₹
Interest expense	2,07,13,270	7,14,50,468
<b>Total</b>	<b>2,07,13,270</b>	<b>7,14,50,468</b>

**Note No. 22 - Other Expenses**

Particulars	For the year ended 31st March 2012	For the year ended 31 March 2011
	₹	₹
Fees To Clearing Member	24,25,560	14,21,897
Information Technology Expenses	6,90,540	6,25,630
Data Feed Charges	23,08,329	20,58,019
Depository Participant Expenses	1,05,625	-
Broking Stamp Expenses	74,533	14,94,316
Turnover Based Fees	7,16,916	10,85,268
Professional and Consultancy Charges	2,58,46,472	2,93,36,074
Transaction Charges	9,89,894	-
VSAT Charges	4,22,434	1,42,100
Advertisement	17,81,232	4,61,087
Audit Fees - Statutory	3,75,000	3,40,000
Bank Charges	3,17,471	1,18,066
Bank Financial Expenses	23,96,712	29,31,133
Electricity Charges	46,43,363	24,84,653
Insurance Expenses	16,67,584	8,53,404
Commission Paid	1,89,12,732	1,51,76,527
Miscellaneous Expenses	36,02,183	11,46,613
Postage and Telegram	35,95,505	22,20,170
Printing and Stationery	25,08,194	22,85,321
Rent	2,47,82,820	2,16,99,795
Rates and Taxes	33,82,923	25,12,312
Repairs and Maintenance	54,37,206	29,75,741
Sitting Fees	2,59,500	1,05,000
Membership Fee And Subscription	14,99,786	6,96,335
Telephone Expenses	84,07,719	55,33,002
Training Expenses	1,66,042	1,49,043
Travelling and Conveyance Expenses	44,28,886	30,24,438
Office Maintenance	45,96,576	28,32,443
Business Development Expenses	11,20,265	5,61,145
Loss On Sale Of Assets	25,652	13,170
<b>TOTAL</b>	<b>12,74,87,652</b>	<b>10,42,82,700</b>


  
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**IFCI FINANCIAL SERVICES LIMITED**

**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY PHILOSOPHY ON CODE OF GOVERNANCE:**

For IFCI Financial Services Limited Corporate Governance is a continuous journey that seeks to provide an enabling environment to harmonize the goals of maximizing stakeholders' value and maintaining a strong business focus. The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations and in its interactions with Stake holders including shareholders, employees, the government and the regulators.

**2. BOARD OF DIRECTORS:**

- (A) The Company has an Executive Chairman, who is an IFCI Nominee and except one Whole-time Director who is designated as Managing Director, three directors are independent Directors and rest are IFCI Nominees. The Management of the Company is entrusted in the hands of the Key Management Personnel of the Company and is headed by the Managing Director who operates under the supervision and control of the Board.

The composition of the Board, number of meetings held, attendance of the Directors at the Board Meeting and Last Annual General Meeting and the number of the Directorship and Chairmanship/Membership of Committee in other companies in respect of each Director is as given herein below:-

Sl. No.	Name of Director	Attendance Particulars			No. of other Directorships/ Committee Memberships/ Chairmanships as on 31 <sup>st</sup> March, 2012		
		No. of Meetings during 2011-12		At AGM held on May 9, 2011	Other Directorships	Committee Memberships	Committee Chairmanships
		Held	Attended				
1.	Shri Atul Kumar Rai*	2	Nil	-	-	-	-
2.	Shri V. K. Bhalla**	1	1	-	-	-	-
3.	Shri Sujit Kumar Mandal	6	6	-	5	2	-
4.	Shri Manoj P Rege	6	5	-	1	-	-
5.	Smt. Chandra Ramesh***	5	5	-	-	-	-
6.	Shri Shobhit Mahajan	6	6	-	1	-	-
7.	Shri M. V. Muthu	6	6	-	1	-	-
8.	Smt. Shashi Sharma#	5	4	-	1	-	-
9.	Shri Satpal Kumar Arora##	2	2	Yes(as a member)	9	-	-

\* Shri Atul Kumar Rai had resigned from the directorship of the Company on July 1, 2011

\*\* Shri V. K. Bhalla had resigned from the directorship of the Company on May 9, 2011

\*\*\* Smt. Chandra Ramesh had resigned from the directorship of the Company on December 8, 2011.  
 # Smt. Shashi Sharma was appointed as Additional Director in the Board meeting held on July 22, 2011  
 ## Shri Satpal Kumar Arora was appointed as Managing Director of the Company in the Board meeting held on December 4, 2011

- Note: 1. Number of other Directorships indicated above is exclusive of the directorships on the Board of Private Limited Companies and Non-Corporate Institutions as also exclusive of Directorship in I-Fin.
2. The details of Committee Memberships are in relation to the specified Committees, viz. Audit Committee, Investment Committee, Remuneration Committee and Share Allotment Committee.

(B) Six Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held are as follows :

85 <sup>th</sup> Board Meeting	April 11, 2011
86 <sup>th</sup> Board Meeting	July 22, 2011
87 <sup>th</sup> Board Meeting	October 12, 2011
88 <sup>th</sup> Board Meeting	November 20, 2011
89 <sup>th</sup> Board Meeting	December 4, 2011
90 <sup>th</sup> Board Meeting	January 14, 2012

### 3. AUDIT COMMITTEE:

(A) The Audit Committee of the Company presently consists of two Non-Executive Independent Directors and one nominee of IFCI. The Chairman of the Committee is an independent director. The composition of the Audit committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Category	No. of Meetings during 2011-12	
			Held	Attended
1.	Shri V. K. Bhalla*	Ex-Chairman	1	1
2.	Shri S. K. Mandal**	Member	1	1
3.	Shri M. P. Rege	Chairman	4	4
4.	Shri. M. V. Muthu	Member	3	3
5.	Smt. Shashi Sharma	Member	3	2

\* Shri V. K. Bhalla had resigned from the directorship of the Company on May 9, 2011  
 \*\* The Board Director in their meeting held on July 22, 2011 re-constituted the existing Audit committee with following members: Shri. M. P. Rege - Chairman, Shri M. V. Muthu - Member, Shri Shashi Sharma - member.

The Managing Director, Statutory Auditors, Internal Auditors and the Company Secretary of the Company are invited to participate in the meetings of the Audit

Committee wherever necessary, as decided by the committee. The Company Secretary acts as the Secretary of the Audit Committee.

**(B) THE NUMBER OF AUDIT COMMITTEE MEETINGS HELD AND DATES:**

During the financial year 2011-12, the Audit Committee of Directors of the Company met 4 times. The dates of the meetings were 11.04.2011, 22.07.2011, 12.10.2011 and 14.01.2012.

**(C) TERMS OF REFERENCE:**

The terms of reference of the Audit Committee are mainly to see the effectiveness of the operations of the audit function of the Company, review the systems and procedures of internal control, oversee the company's financial reporting processes, review with management the periodical and annual financial statements before submission to the Board, etc. The Committee also oversees the Risk Management practice followed by the Company. The committee is also responsible for objectively reviewing the reports of the internal auditors and statutory auditors and ensuring that adequate follow up action is taken by the management. In addition, the Committee reviews the performance of the Company's Auditors to ensure the effectiveness of the Audit procedure.

**4. INVESTMENT COMMITTEE:**

- (A)** The Investment Committee of the Company presently consists of two Directors out of which, one is Designated Independent Directors. The Chairman of the Committee is an independent director. The composition of the Investment Committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Category	No. of Meetings during 2011-12	
			Held	Attended
1.	Shri Manoj P Rege	Chairman	NIL	NIL
2.	Shri Sujit K Mandal	Designated Director	NIL	NIL

**(B) THE NUMBER OF INVESTMENT COMMITTEE MEETINGS HELD AND DATES:**

During the financial year 2011-12, the Investment Committee of Directors of the Company has not met.

**(C) TERMS OF REFERENCE:**

The terms of reference of the Investment Committee are mainly to see the effectiveness of investing the funds in proper manner as per the policy guidelines as approved by the Board of Directors from time to time.

**5. SHARE ALLOTMENT COMMITTEE:**



- (A) The Share Allotment Committee of the Company presently consists of two Independent Directors. The composition of the Share Allotment Committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Category	No. of Meetings during 2011-12	
			Held	Attended
1.	Shri Manoj P. Rege	Chairman	1	1
2.	Shri Shobhit Mahajan	Member	1	1

- (B) **THE NUMBER OF SHARE ALLOTMENT COMMITTEE MEETINGS HELD AND DATES:**

During the financial year 2011-12, the Share Allotment Committee of Directors of the Company met one time.

- (C) **TERMS OF REFERENCE:**

The terms of reference of the Share Allotment Committee are mainly to allot shares post merger to the shareholder of Transferor Company and for further allotment of shares of the Company

#### 6. **REMUNERATION COMMITTEE:**

##### **Policy**

The Remuneration Committee is fully empowered to determine/approve and revise, subject to necessary approvals, the remuneration of managerial personnel including Whole-time Directors and Managing Directors after taking into account the financial position of the company, trend in the industry, qualifications, experience, past performance and past remuneration etc.

The Non-Executive Directors are paid sitting fees for every meeting of the Board and its Committees attended by them.

- (A) The Remuneration Committee of the Company presently consists of three Independent Director. The composition of the Remuneration Committee and attendance of directors at the meetings is shown below:-

S No.	Name of Director	Category	No. of Meetings during 2011-12	
			Held	Attended
1.	Shri M. P. Rege	Chairman	2	2
2.	Shri M. V. Muthu	Member	2	2
3.	Shri Shobhit Mahajan	Member	2	2

- (B) **THE NUMBER OF REMUNERATION COMMITTEE MEETINGS HELD AND DATES:**

During the financial year 2011-12, the Remuneration Committee of Directors of the Company met two times.

**(C) TERMS OF REFERENCE:**

The terms of reference of the Remuneration Committee is mainly:

- To determine the company's policy on remuneration to Executive Directors and their relatives working in the company, including pension rights and compensation payments.
- To approve the remuneration payable to all managerial personnel (under the Companies Act, 1956) including the Executive Directors.

**7. MANAGEMENT COMMITTEE**

**(A)** The Management Committee of the Company presently consists of three Directors out of which, one is Independent Director who is also the Chairman of the Committee. The composition of the Management Committee and attendance of directors at the meetings is shown below:-

Sl. No.	Name of Director	Category	No. of Meetings during 2010-11	
			Held	Attended
1.	Shri Shobhit Mahajan	Chairman	3	2
2.	Shri Sujit K. Mandal	Member	3	3
3.	Smt. Chandra Ramesh*	Ex-officio Member	2	2
4.	Shr. Satpal Kumar Arora	Ex-officio Member	1	1

\*Smt. Chandra Ramesh had resigned from the directorship of the Company on December 8, 2011.

**(B) THE NUMBER OF MANAGEMENT COMMITTEE MEETINGS HELD AND DATES:**

During the financial year 2011-12, the Management Committee of Directors of the Company met 3 times. The dates of the meetings were 14.06.2011, 27.09.2011 and 09.02.2012

**(C) TERMS OF REFERENCE:**

The terms of reference of the Management Committee would include but not limited to the following functions:

- 1) To approve important operational matters before placing it to the Board
- 2) To approve all capital expenditure exceeding a certain amount to be decided
- 3) To approve annual budget for the following year before 15<sup>th</sup> March every year
- 4) To approve business plan of the company
- 5) To approve budget, capital expenditure, business plans of all subsidiary companies

**8. GENERAL BODY MEETING:**

**(A)** Location and time, where last three AGMs were held:-

SL.NO.	AGM DATE	LOCATION	TIME
1.	09.05.2011	IFCI Board Room, IFCI Tower, 61, Nehru Place, New Delhi 110019.	11.00 A. M.
2.	22.04.2010	IFCI Board Room, IFCI Tower, 61, Nehru Place, New Delhi 110019.	4. 00 P.M
3.	17.09.2009	IFCI Board Room, IFCI Tower, 61, Nehru Place, New Delhi 110019.	2.30 P.M.

#### 9. DISCLOSURES:

- The transactions with the Companies, where the Directors of the Company are interested were in the normal course of business and there were no materially significant related party transactions that may have potential conflict with the interests of the Company at large.
- There were no penalties, strictures imposed on the Company by SEBI on any matter related to Capital Markets during the last three years.
- Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee

Presently, the Company does not have a Whistle Blower Policy but has policy of 'Open Talk'. No Personnel of the Company has been denied access to any Directors of the Company.

#### 10. SUBSIDIARY COMPANIES:

IFIN Commodities Limited, IFIN Credit Limited and Narayan Sriram Investments Private Limited are the material non listed Indian subsidiary companies of IFCI Financial Services Limited.

#### 11. GENERAL SHAREHOLDERS INFORMATION:

- (i) **Annual General Meeting:**
- |       |  |
|-------|--|
| Date  | : July 26, 2012  |
| Time  | : 4.00 P.M.  |
| Venue | : IFCI Board Room,<br>IFCI Tower<br>61, Nehru Place<br>New Delhi - 110 019 |

(ii) **Listing on Stock Exchange:** The Shares of the Company are not listed on any stock exchange as there is no public shareholding.

(iii) **Distribution of Shareholding:**

Sl. No.	Name of the Shareholder	% of Shareholding
1.	M/s. IFCI Limited	94.78%
2.	Mrs. Chandra Ramesh	4.23%
3.	Mr. D V Ramesh	0.99%
	<b>Total</b>	<b>100.00%</b>

(iv) **Office Location:** The Company is a Financial Intermediary having its Corporate Office at Chennai and Registered Office at New Delhi and Branch Offices at various places throughout the country.

- (v) a) **Address of Corporate Office** : Chennai  
"Continental Chambers"142  
3<sup>rd</sup> Floor, M G Road,  
Nungambakkam  
Chennai - 600 034
- b) **Address of Registered Office** : Delhi  
IFCI Tower, 15<sup>th</sup> floor,  
61, Nehru Place  
New Delhi - 110 019
- c) **Address of Branch Offices** : The list of Branch Offices are displayed on the web portal of the Company  
[www.ifinltd.in](http://www.ifinltd.in)

**Statement Pursuant to Section 212(1)(e) of the Companies Act, 1956**

S. No	Particulars	IFIN Commodities Limited	IFIN Credit Limited	Narayan Sriram Investments Pvt. Ltd.
1.	The extent of holding Company's interest in the subsidiary at the end of the financial year 31.3.2012 :			
(a)	No. of Shares	20,00,000	25,00,000	16,01,000
(b)	Paid up value of Shares (Rs.)	2,00,00,000/-	2,50,00,000/-	16,01,00,000/-
(c)	Percentage of Holding Company's interest in the total share capital of the subsidiary (Shares in the Subsidiary Companies were registered in the name of the Company and its nominees as indicated)	100%	100%	100%
2.	<b>The net aggregate amount of the profit of the subsidiary company not dealt with in the Company's accounts so far as it concerns the members of the holding Company:</b>			
(a)	For the financial year ended 31.3.2012 (Rs.)	(73,12,686)	(2,43,015)	(1,20,95,932)
(b)	For all the previous financial years of the subsidiary (Rs.)	25,70,263	45,96,781	5,62,405
3.	<b>The net aggregate amount of the profit of the subsidiary Company so far as its profits are dealt with in the holding Company's accounts:</b>			
(a)	For the financial year ended 31.3.2012 (Rs.)	NIL	NIL	NIL
(b)	For all the previous financial years of the subsidiary (Rs.)	NIL	NIL	NIL

*Sd/-*  
SUJIT KUMAR MANDAL  
Executive Chairman

*Sd/-*  
BISWAJIT BANERJEE  
Whole-time Director

*Sd/-*  
K. J. CHANDRA MOULI  
Company Secretary

Date : April 11, 2012  
Place : New Delhi

**PART IV**  
**Balance Sheet Abstract and Company's General Business Profile**

<b>I. Registration Details</b>			
Registration No.	U74899DL1995PLC064034	State Code (Refer Code List)	55
Balance Sheet Date	31/03/2012		
<b>II. Capital raised during the year (Amount in Rs. Thousands)</b>			
Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	7,62,500.00
<b>III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)</b>			
Total Liabilities	10,80,617.49	Total Assets	10,80,617.49
<b>Source of Funds (Amount in Rs. Thousands)</b>			
Paid-up Capital	4,15,337.09	Reserves & Surplus	3,57,170.57
Secured Loans	NIL	Unsecured Loans	NIL
Deferred Tax Liability	NIL	Share Application Money	NIL
<b>Application of Funds</b>			
Net Fixed Assets	60487.88	Capital Work-in-progress	NIL
Investments	2,15,223.06	Net Current Assets	430776.69
Misc. Expenditure	NIL	Accumulated Losses	NIL
<b>IV. Performance of Company (Amount in Rs. Thousands)</b>			
Turnover	2,73,011.39	Total Expenditure	3,52,933.96
+ - Profit/ Loss Before Tax	(-)2,02,535.31	+ - Profit/ Loss After Tax	(-)2,03,316.37
(Please tick appropriate box + for profit, - for loss)			
Earning Per Share in Rs.	(9.00)	Divided rate %	NIL

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**V. Generic Names of Three Principal Products/ Services of Company (as per monetary terms)**

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<b>Item Code No. (ITC Code)</b>	<b>6211</b>
<b>Product Description</b>	<b>Stock Broking</b>
<b>Item Code No. (ITC Code)</b>	<b>6110</b>
<b>Product Description</b>	<b>Loan Syndication</b>
<b>Item Code No. (ITC Code)</b>	<b>6099</b>
<b>Product Description</b>	<b>Depository Participant</b>

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